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PHILIP MORRIS U.S.A.

INTEROFFICE CORRESPONDENCE Richmond, Virginia

To: Distribution
From: A. Wheelock
Subject: New Products Process

Date: March 21, 1996

Over the past few years, major inroads have been made in establishing and maintaining positive working relationships between the contributing departments in the development of new products. As part of my assignment in this rotation of the MBA Development Program, the senior management in NY and Richmond have expressed much enthusiasm in continuing to improve on this relationship. After meeting with many of the areas which contribute to new product development, I am proposing, with your assistance, a means for developing a workshop to further improve the efficiency and effectiveness of the New Products Process, and to further facilitate communication, understanding, and learning between individuals and groups in both NY and Richmond.

Based on my short term observations, in order to continue to strengthen the communication link between the locations and people involved, I am suggesting a "hands on" aid in the form of a reference booklet. I am in the process of compiling the document now, with your help. I suggest the booklet include the steps in the NPP, what happens in each step, and who is accountable. Your input is necessary to make this an meaningful and accurate document.

Location: Richmond or NY

Department: R&D or Marketing

Department Function: Cigarette Design & Development or Merit Brand Group

Contact Name/Extension: JLS or Sonya/Minda

Group Responsibility in NPP: Design cigarette products to meet activity objective. Lead Richmond team to formulate total product for market implementation, etc.

Accountabilities: Cigarette design, prototype development, cigarette recommendation for consumer research, etc.

Basic Information Required to Meet Activity Objective: Cigarette tar, length, circumference, tipping length, FTB/SP, target competitive brand, etc. (Please also use a real-life example)

Roadmap position: ?

Please forward the above information to Amy Wheelock (R&D Bldg. E2) by [date]. I am available by e-mail or phone (x3258) if you have any questions. Thank you for your cooperation and contribution to the Workshop and reference book.

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